Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 NSC-05 SAM-01 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 CIEP-01

SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 SAJ-01 L-03

XMB-02 PRS-01 AF-06 ORM-02 DHA-02 AGR-05 HUD-01 /093 W ------ 032013

R 281454Z OCT 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 4748

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION NATO

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E.O. 11652: GDS

TAGS: PFOR, EAID, PO

SUBJ: US-PORTUGUESE ECONOMIC COOPERATION

REFS: (A) LISBON 6220 (NOTAL) DTG 221119Z OCT 75; (B) EC BRUSSELS 9573 (NOTAL) DTG 240906Z OCT 75

- 1. DEPUTY ASSISTANCE SECRETARY LOWENSTEIN AND I MET OCTOBER 27 WITH VASCO VIEIRA DE ALMEIDA TO DISCUSS FOLLOW THROUGH ON AID PROGRAM AND HOW WE WOULD WORK WITH HIS COMMISSION (REFTEL A).
- 2. VIEIRA DE ALMEIDA SAID HE AHD ESTABLISHED THREE PRIORITIES FOR FOREIGN AID.
- (A) JOSB CREATION. THIS WOULD INCLUDE HOUSING, PUBLIC WORKS AND SOME FORMS OF AID TO THE ANGOLAN REFUGEES.
- (B) IMPROVING BALANCE OF PAYMENTS. THE PRINCIPAL

EFFORT IN THIS AREA WOUL D BE TO REDUCE DEPENDENCE ON AGRICUL-CONFIDENTIAL

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TURAL IMPORTS.

(C) INFRA-STRUCTURE. SOME PROJECTS WOULD BE CONSIDERED IN AREAS SUCH AS SEWAGE, SCHOOLS AND HOSPITALS.

- 2. VIEIRA DE ALMEIDA CONFIRMED THAT EC HAD BEEN RELUCTANT TO GET INVOLVED IN HOUSING AREA (REFTEL B).. I NOTED THAT WITH A POSSIBLE ADDITIONAL \$20 MILLION HOUSING INVESTMENT GUARANTY IN FY 1976 THE USG HOUSING PROGRAM WOULD AMOUNT TO OVER 53 MILLION DOLLARS. IN ADDITION THE GERMANS HAD INDICATED A WILLINGNESS TO BECOME INVOLVED IN THE HOUSING AREA. IN LIGHT OF THE FACT THAT OUR HOUSING MONEY STILL HAD NOT BEEN SPENT I SUGGESTED VIEIRA DE ALMEIDA EXAMINE GOP'S CAPACITY TO ABSORB MORE FUNDS IN THIS AREA. IT MIGHT BE POSSIBLE THAT EC COULD BE MORE USEFUL IN OTHER AREAS.
- 3. VIEIRA DE ALMEIDA SAID HE WAS INCLINED TO BREAK HIS TASK FORCE DOWN INTO SUB-GROUPS DEALING WITH FINANCE, DEVELOPMENT PROJECTS AND TRADE. I SAID I WAS SURE WE WOULD FIND THIS APPROACH SATISFACTORY.
- 4. VIEIRA DE ALMEIDA HAS GIVEN HIS TASK FORCE UNTIL NOVEMBER 5 TO COME UP WITH A LIST OF PROJECTS AND POSSIBLE PRIORITIES. WE AGREED THAT IT WOULD BE BEST FOR US TO MEET WITH HIM IN A SEMI-FORMAL SESSION AFTER THAT EXERCISE HAD BEEN COMPLETED. TWO POSSIBILITIES PRESENT THEMSELVES: VIEIRA DE ALMEIDA, PATTERSON AND I COULD GO TO WASHINGTON FOR MEETINGS THERE OR WE COULD SEND A SMALL GROUP FROM WASHINGTON TO DISCUSS GENERAL PRIORITIES. THIS WOULD BE FOLLOWED BY TECHNICIANS IN EACH OF THE THREE AREAS DESIGNATED BY VIEIRA DE ALMEIDA.
- 5. VIEIRA DE ALMEIDA, LOWENSTEIN AND I ALL FELT IT WOULD BE BETTER TO SEND OUT A SMALL GROUP FROM WASHINGTON. IF POSSIBLE SUGGEST BOB NOOTER HEAD THE GROUP. FOR COSMETIC PURPOSES WE COULD CALL THE GROUP A DELEGATION. SUGGEST I BE DESIGNATED CHAIRMAN AND THAT PATTERSON BE INCLUDED AS WELL. THIS WOULD FULFILL THE MODALITIES OF THE MIXED COMMISSION SUGGESTED BY MELO ANTUNES.

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